

SB0263S02 compared with SB0263S01

~~{deleted text}~~ shows text that was in SB0263S01 but was deleted in SB0263S02.

inserted text shows text that was not in SB0263S01 but was inserted into SB0263S02.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

~~{Senator Jerry W. Stevenson}~~Representative Gregory H. Hughes proposes the following substitute bill:

SMALL BUSINESS INNOVATION RESEARCH

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jerry W. Stevenson

House Sponsor: ~~{~~Gregory H. Hughes

LONG TITLE

General Description:

This bill modifies the Technology Commercialization and Innovation Act by allowing small businesses to apply for grants and loans under the act.

Highlighted Provisions:

This bill:

- ▶ defines small business;
- ▶ allows small businesses, in addition to institutions of higher education, to apply for Technology Commercialization and Innovation Program grants and loans;
- ▶ provides for rulemaking by the Governor's Office of Economic Development;
- ▶ removes the State Advisory Council for Science and Technology from the funding allocation process; and

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- ▶ makes technical changes.

Money Appropriated in this Bill:

~~{This bill appropriates in fiscal year 2014-15:~~

~~→ to the Governor's Office of Economic Development, as a one-time appropriation:~~

~~• from the General Fund \$3,400,000, for Technology Commercialization and Innovation Program grants and loans.} None~~

Other Special Clauses:

This bill takes effect on July 1, 2014.

This bill coordinates with S.B. 31, State Agency Reporting Amendments, by providing superseding amendments.

Utah Code Sections Affected:

AMENDS:

63M-1-702, as last amended by Laws of Utah 2011, Chapter 392

63M-1-703, as last amended by Laws of Utah 2011, Chapter 392

63M-1-704, as last amended by Laws of Utah 2011, Chapter 392

Utah Code Sections Affected by Coordination Clause:

63M-1-704, as last amended by Laws of Utah 2011, Chapter 392

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63M-1-702** is amended to read:

63M-1-702. Purpose.

(1) (a) The Legislature recognizes that the growth of new industry and expansion of existing industry requires a strong technology base, new ideas, concepts, innovations, and prototypes.

(b) ~~[These generally come from]~~ Growth in industry frequently results from technological innovation generated by strong research [colleges and universities] institutions of higher education and by small businesses.

(c) Technical research in Utah's ~~[colleges and universities]~~ institutions of higher education should be enhanced and expanded, particularly in those areas targeted by the state for economic development.

(d) Most states ~~[are enhancing]~~ enhance their research base by direct funding, usually

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on a matching basis.

(e) The purpose of this part is to catalyze and enhance the growth of these technologies by:

(i) encouraging interdisciplinary research activities in targeted areas ~~[and by]~~;

(ii) facilitating the transition of these technologies out of the [university] higher education environment into industry where the technologies can be used to enhance job creation[-]; and

(iii) supporting the commercialization of technologies developed by small business to enhance job creation.

(f) The Legislature recognizes that one source of funding is ~~[in matching]~~ to match state funds with federal funds and industrial support to provide and develop ~~[the needed]~~ new technologies.

(2) The Legislature recommends that the governor consider matching the allocation of economic development funds for the Technology Commercialization and Innovation Program ~~[to be matched by]~~ with industry and federal grants ~~[on at least a two-for-one basis for colleges and universities in the state that offer any doctoral degrees].~~

(3) (a) The Legislature recommends that the funds be allocated on a competitive basis:

(i) to the various ~~[colleges and universities]~~ institutions of higher education in the state ~~[and]~~;

(ii) to companies working in partnership with ~~[colleges and universities]~~ institutions of higher education to commercialize their technologies[-]; and

(iii) to small businesses that are developing promising technologies.

(b) The funds made available should be used to support:

(i) interdisciplinary research in the Technology Commercialization and Innovation Program in technologies that are considered to have potential for economic development in ~~[this]~~ the state and to help transition these technologies out of ~~[the colleges and universities]~~ institutions of higher education and into industry[-]; and

(ii) small businesses in commercializing their promising technologies that have the potential to increase economic development in the state.

Section 2. Section **63M-1-703** is amended to read:

63M-1-703. Definitions.

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As used in this part:

(1) "Business team consultant" means an experienced technology executive, entrepreneur, or business person who:

(a) is recruited by the office through a request for proposal process to work directly with a college or university in the Technology Commercialization and Innovation Program; and

(b) works with the institution to facilitate the transition of its technology into industry by assisting the institution in developing strategies, including spin out strategies when appropriate, and go-to-market plans, and identifying and working with potential customers and partners.

(2) "Direct license" means ~~[the licensing]~~ a written license agreement between a company and a Utah ~~[college or university of]~~ institution of higher education related to technology developed at the [college or university for] institution of higher education with the intent of commercializing the technology or facilitating its transition into industry.

(3) "Institution of higher education" means:

(a) a state institution of higher education as defined in Section 53B-3-102; or

(b) a private institution of higher education in the state accredited by a regional or national accrediting agency recognized by the United States Department of Education.

~~[(3)]~~ (4) "Licensee" means:

(a) a company that executes or is in the process of executing a direct license; or

(b) a sublicensee of the technology from a direct license.

(5) "Small business" means a business that:

(a) meets the size standards for the business's industry classification as identified by the United States Small Business Administration in 13 C.F.R. Sec. 121.201;

(b) is organized for profit;

(c) operates primarily within the United States;

(d) has a principal place of business in the state, including a manufacturing or service location; and

(e) is independently owned and operated.

~~[(4)]~~ (6) "Technology Commercialization and Innovation Program" means ~~[university-based];~~

(a) a federal- and industry-supported cooperative research and development

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~~[programs:]~~ program based at an institution of higher education; or

(b) a federal- and state-supported program for funding technologically innovative small businesses.

Section 3. Section **63M-1-704** is amended to read:

63M-1-704. Administration -- Grants and loans.

(1) The Governor's Office of Economic Development shall administer this part.

(2) (a) (i) The office may award Technology Commercialization and Innovation

Program grants or issue loans ~~[to the various colleges, universities, and licensees in the state for the purposes of this part.]~~ under this part to an applicant that is:

(A) an institution of higher education;

(B) a licensee; or

(C) a small business.

(ii) If loans are issued under Subsection (2)(a)(i), the Division of Finance may set up a fund or account as necessary for the proper accounting of the loans.

(b) ~~[The Governor's Office of Economic Development shall develop]~~ In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the office shall make rules for a process to determine whether [a college or university] an institution of higher education that receives a grant under this part must return the grant proceeds or a portion of the grant proceeds if the technology that is developed with the grant proceeds is licensed to a licensee that:

(i) does not maintain a manufacturing or service location in the state from which the licensee or a sublicensee exploits the technology; or

(ii) initially maintains a manufacturing or service location in the state from which the licensee or a sublicensee exploits the technology, but within five years after issuance of the license the licensee or sublicensee transfers the manufacturing or service location for the technology to a location out of the state.

(c) A repayment by ~~[a college or university]~~ an institution of higher education of grant proceeds or a portion of the grant proceeds ~~[shall come only]~~ may only come from the proceeds of the license established between the licensee and the ~~[college or university]~~ institution of higher education.

(d) (i) ~~[A licensee]~~ An applicant that is a licensee or small business that receives a

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grant under this part shall return the grant proceeds or a portion of the grant proceeds to the office if the ~~[licensee]~~ applicant:

(A) does not maintain a manufacturing or service location in the state from which the ~~[licensee]~~ applicant exploits the technology; or

(B) initially maintains a manufacturing or service location in the state from which the ~~[licensee]~~ applicant exploits the technology, but within five years after issuance of the grant, the ~~[licensee]~~ applicant transfers the manufacturing or service location for the technology to an out-of-state location.

~~[(ii) A repayment by a licensee that receives a grant shall come only from the proceeds of the license to that licensee.]~~

~~[(iii) A repayment by a licensee shall be prorated based only on the number of full years the licensee operated in the state from the date of the awarded grant.]~~

(ii) A repayment by an applicant shall be prorated based on the number of full years the applicant operated in the state from the date of the awarded grant.

(iii) A repayment by a licensee that receives a grant may only come from the proceeds of the license to that licensee.

(3) (a) Funding allocations shall be made by the office with the advice of ~~[the State Advisory Council for Science and Technology and]~~ the board.

(b) Each proposal shall receive the best available outside review.

(4) (a) In considering each proposal, the office shall weigh technical merit, the level of matching funds from private and federal sources, and the potential for job creation and economic development.

(b) Proposals or consortia that combine and coordinate related research at two or more ~~[colleges and universities]~~ institutions of higher education shall be encouraged.

(5) The ~~[State Advisory Council on Science and Technology]~~ office shall review the activities and progress of grant recipients on a regular basis and ~~[assist the office in preparing an annual]~~, as part of the office's annual written report described in Section 63M-1-206, report on the accomplishments and direction of the Technology Commercialization and Innovation Program.

~~{~~ Section 4. Appropriation:

~~_____~~ Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for

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~~the fiscal year beginning July 1, 2014, and ending June 30, 2015, the following sums of money are appropriated from resources not otherwise appropriated, or reduced from amounts previously appropriated, out of the funds or accounts indicated. These sums of money are in addition to any amounts previously appropriated for fiscal year 2015:~~

————— <u>To Governor's Office of Economic Development</u>	
<u>From General Fund, one-time</u>	<u>\$3,400,000</u>
————— <u>Schedule of Programs:</u>	
————— <u>Technology Commercialization and Innovation</u>	
<u>Program for grants and loans</u>	<u>\$3,400,000</u>

‡ Section ~~{5}~~4. **Effective date.**

This bill takes effect on July 1, 2014.

Section ~~{6}~~5. **Coordinating S.B. 263 with S.B. 31 -- Superseding amendments.**

If this S.B. 263 and S.B. 31, State Agency Reporting Amendments, both pass and become law, as of July 1, 2014, it is the intent of the Legislature that the amendments to Section 63M-1-704 in this bill supersede the amendments to Section 63M-1-704 in S.B. 31, when the Office of Legislative Research and General Counsel prepares the Utah Code database for publication.